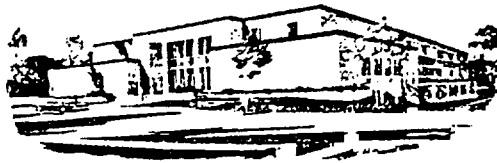


State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

SLO REF NO. OG-551

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

November 3, 1987

Dickerson Fisk & Vandiver
ATTN: Mr. Chad Dickerson
Seventh & Mahone, Suite E
Artesia, New Mexico 88210

Re: Proposed East Wind State Unit
Chaves County, New Mexico

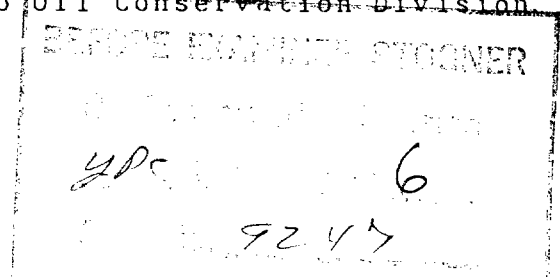
Gentlemen:

This office has reviewed the unexecuted copy of a unit agreement which you have submitted on behalf of Yates Petroleum Corp., for the proposed East Wind State Unit, Chaves County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands and has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given. Also, any well commenced prior to the effective date of this agreement which penetrates its objective horizon prior to said effective date shall not be construed as the initial test well.

When submitting your agreement for final approval please submit the following:

1. Application for formal approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. All ratifications from the lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
3. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.



Dickerson, Fisk & Vandiver
November 3, 1987
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Your filing fee in the amount of \$300.00 has been received.
If we may be of further help please do not hesitate to call on
us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *F. O. Prando*

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/ams

cc: OCD-Santa Fe, New Mexico
 Gulram, Inc.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE No. 9247
Order No. R-8549

APPLICATION OF YATES PETROLEUM
CORPORATION FOR A UNIT AGREEMENT,
CHAVES COUNTY

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 4, 1987, and on November 18, 1987, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and David R. Catanach, respectively.

NOW, on this 24th day of November, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Yates Petroleum Corporation, seeks approval of the East Wind State Unit Agreement for all oil and gas in any and all formations underlying those lands described in Exhibit "A" attached hereto and made a part hereof.

(3) No interested parties appeared and objected to the proposed unit area.

(4) All plans of development and operation and creations, expansions, or contractions of participating areas or expansions or contractions of the unit area, should be submitted to the Director of the Division for approval.

(5) Approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The East Wind State Unit Agreement is hereby approved for all oil and gas in any and all formations underlying those lands described in Exhibit "A" attached hereto and made a part hereof.

(2) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Division within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All plans of development and operation, all unit participating areas and expansions and contractions thereof, and all expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

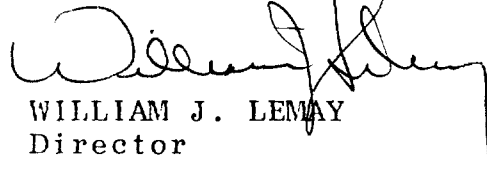
(5) This order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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Case No. 9247
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DONE at Santa Fe, New Mexico, on the day and year,
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

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Case No. 9247
Order No. R-8549

EXHIBIT "A"
CASE NO. 9247
ORDER NO. R-8549
EAST WIND STATE UNIT
CHAVES COUNTY, NEW MEXICO

Township 9 South, Range 27 East, NMPM

Section 9: SE/4 and S/2 SW/4
Section 10: S/2
Section 15: All
Section 16: All
Section 17: E/2
Section 20: E/2
Section 21: All
Section 22: All
Section 28: All
Section 33: All

Containing 5,040 acres, more or less,
of state and fee lands.